

DOCKET SECTION

**BEFORE THE
POSTAL RATE COMMISSION**

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DOCKET NO. R97-1

POSTAL RATE AND FEE CHANGES, 1997

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO MAGAZINE PUBLISHERS OF AMERICA WITNESS COHEN
(UPS/MPA-T2-1 through 3)**

(January 15, 1998)

Pursuant to the Commission's Special Rules of Practice, United Parcel Service hereby serves the following interrogatories and request for production of documents directed to Magazine Publishers of America witness Cohen (UPS/MPA-T2-1 through 3).

Respectfully submitted,



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Of Counsel.

**INTERROGATORIES FROM UNITED PARCEL SERVICE
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UPS/MPA-T2-1 Please refer to your Table 4 (page 24) and the attached table.

(a) Please confirm that the distribution of the costs of mixed mail sacks by witness Degen (USPS-T-12) approximately follows the percentages listed in your Table 4. For example, mixed Blue & Orange sacks would be distributed about 76% to Express Mail, while mixed Brown sacks would be distributed about 72% to periodicals. If not confirmed, please explain and provide the correct proportions for each of the examples in your Table 4.

(b) Please confirm that under your method, the distribution of the costs of mixed mail sacks would approximately follow the percentage listed in the "Cohen Distribution to Assoc. Class" in the attached table. For example, mixed Blue & Orange sacks would be distributed about 1% to Express Mail, while mixed Brown sacks would be distributed about 5% to periodicals. If not confirmed, please explain and provide the correct proportions for each of the examples in your Table 4.

(c) Please confirm that, with the exception of Green Sacks (associated with First Class Mail), your distribution methodology would result in a significantly reduced proportion of mixed mail sack costs being distributed to their associated classes relative to witness Degen's distribution.

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UPS/MPA-T2-2 Please refer to page 34, lines 17-20, of your testimony where you state, "Second, if mail processing costs are inflated due to inefficiency in mail processing operations, no class or subclass of mail should be held responsible for the portion of these costs resulting from this inefficiency."

(a) Please explain how your proposal to treat not handling costs as institutional costs would render no class or subclass of mail responsible for those costs.

(b) Please confirm that moving costs from attributable costs to institutional costs results in those costs being "allocated" to classes and subclasses of mail by markup factors. If not confirmed, please explain.

UPS/MPA-T2-3. Please refer to your proposal to "treat a portion of volume-variable mixed mail and not-handling costs as institutional" (beginning on page 33 of your testimony). Please confirm that this proposal would decrease the overall ratio of attributable costs to total cost in Cost Segment 3 from about 71% (Postal Service case) to about 65%. If not confirmed, please explain.

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Association of Sack Type and Mail Class

Sack Color or Type	Associated Class	Associated Class %	Cohen
			Distribution to Assoc. Class
Blue and Orange	Express	76%	1%
Brown	Periodicals	72%	5%
Green	First Class	73%	74%
International	International	90%	2%
Orange and Yellow	Priority	86%	4%
White	Standard A	63%	22%

Source: MPA-T-2, Table 4, and MPA-LR-1.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with section 12 of the Commission's Rules of Practice.


Stephanie Richman

Dated: January 15, 1998
Philadelphia, PA